

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Calhoun County Park Trustees Fund	County Calhoun
Fiscal Year End 12-31-06	Opinion Date May 30, 2007	Date Audit Report Submitted to State June 5, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

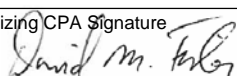
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number 517-787-6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name David M. Fisher, CPA		License Number 10337

# **CALHOUN COUNTY PARK TRUSTEES FUND**

**Marshall, Michigan**

## **FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2006**



**REHMANN ROBSON**

*Certified Public Accountants*

# CALHOUN COUNTY PARK TRUSTEES

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# REHMANN ROBSON

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

May 30, 2007

Calhoun County Park Trustees  
Marshall, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the **CALHOUN COUNTY PARK TRUSTEES FUND OF THE COUNTY OF CALHOUN, MICHIGAN, (the "Commission")** as of and for the year ended December 31, 2006, which collectively comprise the Park Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Calhoun County Park Trustees' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Calhoun County Parks General Operating Fund of the County of Calhoun, Michigan, and do not purport to, and do not present fairly the financial position of the County of Calhoun, Michigan as of December 31, 2006, and the changes in its financial position, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the **Calhoun County Park Trustees** as of December 31, 2006, and the respective changes in financial position thereof and the budgetary comparison for the parks general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 30, 2007, on our consideration of the Calhoun County Park Trustees' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

## **FINANCIAL STATEMENTS**

**CALHOUN COUNTY PARK TRUSTEES**  
**STATEMENT OF NET ASSETS AND GENERAL FUND BALANCE SHEET**

**DECEMBER 31, 2006**

<b>Assets</b>	<b>General Operating Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
Cash and cash equivalents	\$ 10,597	\$ -	\$ 10,597
<b>Total assets</b>	<u>10,597</u>	<u>-</u>	<u>10,597</u>
<b>Liabilities</b>			
Accounts payable	\$ 6,342	118,020	124,362
Due to Road Commission component unit	<u>118,020</u>	<u>(118,020)</u>	<u>-</u>
<b>Total liabilities</b>	<u>124,362</u>	<u>-</u>	<u>124,362</u>
<b>Fund Balance/Net Assets</b>			
Unreserved (deficit)	<u>(113,765)</u>	<u>113,765</u>	<u>-</u>
<b>Total fund balance (deficit)</b>	<u>(113,765)</u>	<u>113,765</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 10,597</u>		
<b>Net assets</b>			
Unrestricted (deficit)		<u>\$ (113,765)</u>	<u>\$ (113,765)</u>

The accompanying notes are an integral part of these financial statements.

**CALHOUN COUNTY PARKS TRUSTEES**  
**STATEMENT OF ACTIVITIES AND GENERAL FUND REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>General Operating Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Expenditures/Expenses</b>			
Parks and recreation	\$ 116,179	\$ -	\$ 116,179
<b>Program Revenues</b>			
Charges for services	91,555	-	91,555
<b>Net program expense</b>			(24,624)
<b>General Revenues</b>			
Interest earned	24	-	24
Other revenue	2,826	-	2,826
<b>Total general revenue</b>	2,850	-	2,850
<b>Net change in fund balances</b>	(21,774)	21,774	-
<b>Changes in net assets</b>		(21,774)	(21,774)
Fund Balance (Deficit)/Net Assets, Beginning of year, as restated	(91,991)	-	(91,991)
<b>Fund Balance (Deficit)/Net Assets, End of year</b>	\$ (113,765)	\$ -	\$ (113,765)

The accompanying notes are an integral part of these financial statements.

**CALHOUN COUNTY PARK TRUSTEES  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Revenue</b>				
Charges for services - golf course	\$ 105,680	\$ 105,680	\$ 85,226	\$ (20,454)
Charges for services - other	-	-	6,329	6,329
Grant revenue	164,249	164,249	-	(164,249)
Interest	-	-	24	24
Other	41,062	41,062	2,826	(38,236)
<b>Total revenue</b>	<b>310,991</b>	<b>310,991</b>	<b>94,405</b>	<b>(216,586)</b>
<b>Parks and recreation expenditures</b>				
Custer Greens Golf Course	105,664	105,664	113,156	7,492
Other	205,311	205,311	3,023	(202,288)
<b>Total expenditures</b>	<b>310,975</b>	<b>310,975</b>	<b>116,179</b>	<b>(194,796)</b>
<b>Net change in fund balance</b>	<b>16</b>	<b>16</b>	<b>(21,774)</b>	<b>(21,790)</b>
Fund balance (deficit), beginning of year as restated	(91,991)	(91,991)	(91,991)	-
<b>Fund balance (deficit), end of year</b>	<b>\$ (91,975)</b>	<b>\$ (91,975)</b>	<b>\$ (113,765)</b>	<b>\$ (21,790)</b>

The accompanying notes are an integral part of these financial statements.



# CALHOUN COUNTY PARK TRUSTEES

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Calhoun County Park Trustees (the “Park Commission”) conform to generally accepted accounting principles as applied to governmental units. The following is a summary of the significant policies.

#### **Reporting Entity**

The Calhoun County Park Trustees, referred to as the Park Commission, is a Special Revenue Fund of the County of Calhoun, Michigan (“County”), and is used to control the expenditure of revenues from County park operations, primarily the operation of a public golf course. This fund is presented as the entity’s general operating fund.

#### **Basis of Presentation**

##### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. *Governmental activities* are supported by charges for services and interest income.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements (statement of net assets and the statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund (general fund) financial statements (general fund balance sheet and general fund revenues, expenditures and changes in fund balance) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences not expected to be paid in the current year and claims and judgments, are recorded only when payment is due.

# CALHOUN COUNTY PARK TRUSTEES

## NOTES TO FINANCIAL STATEMENTS

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Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Park Commission reports the following major governmental fund:

The *special revenue parks fund* is this reporting unit's primary operating fund. It accounts for specific revenue sources that are legally restricted to expenditures for the County Park System. It is presented as the general operating fund for the Parks Commission.

### **Budgetary Data**

The governmental fund is under formal budgetary control. The budget shown in the financial statements is adopted on a basis consistent with generally accepted accounting principles (GAAP), and is not significantly different from the modified accrual basis used to reflect actual results, and consists only of those amounts contained in the formal budget as originally adopted or as amended by the Board of County Park Commissioners. The budget for the Parks General Operating Fund is adopted on a functional basis. The Custer Greens Golf Course activity is over budget by \$7,492.

## **2. CASH DEPOSITS AND INVESTMENTS**

### **Deposits**

At December 31, 2006, the amount of the Park Commission's deposits were as follows:

	<b><u>Carrying Amount</u></b>	<b><u>Bank Balance</u></b>
Checking accounts	<b><u>\$ 10,597</u></b>	<b><u>\$ 10,597</u></b>

State statutes authorize the BPW to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Park Commission's deposits may not be returned. State law does not require and the Park Commission does not have a policy for deposit custodial credit risk. As of December 31, 2006, the entire amount of the bank balance of \$10,597 was insured by the FDIC.

# **CALHOUN COUNTY PARK TRUSTEES**

## **NOTES TO FINANCIAL STATEMENTS**

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### **3. INTERFUND RECEIVABLES AND PAYABLES**

At December 31, 2006, there was a \$73,020 amount due to a fund of the Calhoun Co Road Commission component unit. Accordingly, this amount was reclassified as an account payable in the Statement of Net Assets.

### **4. FUND DEFICIT**

The General Operating Fund ended the year with a deficit fund balance of \$113,765. It is the County's intention to eliminate this deficit by generation of revenues in excess of expenditures in future years, and to file a deficit elimination plan update with the State of Michigan Department of Treasury.

### **5. RESTATEMENT**

There was a restatement (decrease) in fund balance and net assets at January 1, 2006, in the amount of \$45,000 due to the amount owed to the Calhoun County road operating fund resulting from a transaction in the year 2005.

\* \* \* \* \*



**REHMANN ROBSON**

*Certified Public Accountants*

*A member of* **THE REHMANN GROUP**

 *an independent member of*  
**BAKER TILLY**  
**INTERNATIONAL**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

May 30, 2007

Calhoun County Park Trustees  
Marshall, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CALHOUN COUNTY PARK TRUSTEES FUND OF THE COUNTY OF CALHOUN, MICHIGAN, (the "Commission")**, as of and for the year ended December 31, 2006, and have issued our report thereon dated May 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Road Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted a matter involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of the Commission in a separate letter dated May 30, 2007.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Calhoun County Park Trustees, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.



# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP



May 30, 2007

Calhoun County Park Trustees  
Calhoun County, Michigan

We have audited the financial statements of the *Calhoun County Park Trustees* for the year ended December 31, 2006, and have issued our report thereon dated May 30, 2007. Professional standards require that we provide you with the following information related to your audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated January 10, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of by Calhoun County Park Trustees. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Calhoun County Park Trustees' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Calhoun County Park Trustees are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Calhoun County Park Trustees during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant accounting estimates being used by the Parks Fund.

### **Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Calhoun County Parks Fund financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Calhoun County Parks Fund, either individually or in the aggregate, indicate matters that could have a significant effect on the Calhoun County Parks Fund financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Calhoun County Park Trustees' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

This information and the attached memorandum is intended solely for the use of the Board and management of the Calhoun County Park Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.



# **CALHOUN COUNTY PARK TRUSTEES**

## **COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2006**

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In planning and performing our audit of the financial statements of Calhoun County Park Trustees as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of Calhoun County Park Trustees' internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

### **Other Matters -Fund Deficit**

At December 31, 2006, the Parks fund has a cumulative operating deficit of \$113,765. This is a violation of the compiled laws for governmental units operating in Michigan.

The year 2006 was the last year that the Parks Fund operated the golf course, which has been unprofitable in the last two fiscal years. We urge the Board to continue its efforts to reduce the deficit completely in 2007.

\* \* \* \* \*